

# A STUDY ON THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER ENGAGEMENT: IN CONTEXT OF PRIVATE BANKS IN NAGPUR CITY

**RUHIBAKHARE<sup>1</sup> & SHRIKANT S. TEMBHURNE<sup>2</sup>**

<sup>1</sup>Assistant Professor, Dr. Ambedkar Institute of Management Studies and Research,  
Deeksha Bhoomi, Nagpur Maharashtra, India

<sup>2</sup>Research Scholar, Dr. Ambedkar Institute of Management Studies and Research,  
Deeksha Bhoomi, Nagpur Maharashtra, India

## ABSTRACT

*Customer Relationship Management is vital for forming a consumer centric organization. It is an important component that permits a bank to improve its customer base and their engagement with the banking services. Therefore, CRM is an approach by banks to appeal, recollect and then be associates with their customers. Customer engagement states the activities and movements of companies & organizations to decrease the number of customer defections and making them loyal. Therefore, the aim of this study is to scrutinize the effects of CRM practices on the customer engagement with private banks in Nagpur region. This study used a descriptive research design to measure the influence of numerous extents of customer relationship management and its impact on customer engagement. The targeted population of the present study was private bank and customers of Nagpur city. So the total sample size consisted of 100 customers. The researcher has used judgmental sampling method for collecting data from the private sector. The data for the study was collected from mostly primary sources which include questionnaire and personal interview predominantly. Data relating to the study is collected between Jan 2019 to March 2019. From the data collected and its analysis, it is concluded that there is a significant effect of "Customer Relationship Management" on customer engagement.*

**KEYWORDS:** Customer Relationship Management, Customer engagement, Private Banks & Nagpur City

**Received:** Mar 06, 2019; **Accepted:** Mar 26, 2019; **Published:** Apr 22, 2019; **Paper Id.:** IJBMRJUN20192

## INTRODUCTION

Customer relationship management (CRM) has been as essential to the banking industry at the beginning of the 21st century as it has been to any other industry. Many banks have used CRM tools to obtain more customers and to develop relations with them. For any service-based industry, an appropriate customer management is a primary factor, which is accomplished by altering the company's aspect.

A great CRM solution may contribute any sector in marketing new customers, agreement closing and enabling remaining funding service. But the incentives for banking sector are profit able allowances.

## NEED AND RATIONALE

In today's age of liberalization and globalization, each industry faces growing competition. The banking industry is not an exception to that. Reasonably, the incidence of so many banks in the market confirms that the

level of rivalry remains significantly developed than many other service industries. It is really tough to keep one's market share integral for a long time and also to keep the objective of cost-effectiveness. Therefore, retaining existing customers and new customers are the main concerns of management. This detail highlights the need for the study of current Customer Relationship Management (CRM) Practices in Banking Sector. There is also prerequisite to identify about the effect of CRM practices in increasing customer engagement in the private banking sector. Keeping in the attention the major concern of the study i.e., to highlight the rationale of CRM Practices in customer engagement of Private banks in Nagpur the following objectives are formed:

- To examine the Customer Relationship Management in Private Banking Sector.
- To analyze the effect of CRM Practices on the customer engagement in the Private Banking Sector.

## LITERATURE REVIEW

**Table 1**

S. No.	Author (s)	Title of the Research Paper	Conclusion/Finding
1.	Prof Sandeep Kaur (Assistant Professor in Commerce Department) SGGS Khalsa College, Mahilpur	Importance of Customer Relationship Management (CRM) in the Indian banking Sector, published in Imperial Journal of Interdisciplinary Research (IJIR) Vol-2, Issue-12, 2016	In this paper, the author has discussed the role of CRM in Indian Bank Sector where in the author has concluded that customer relationship management is one of the biggest challenges for the Indian banking sector especially for the public sector banking sector, because the customer satisfaction level in public sector banks are not satisfactory as compared to private sector banks
2.	Alemu Muleta Kebede and Zewdu Lake Tegegne	The effect of customer relationship management on bank performance: In context of commercial banks in Amhara Region, Ethiopia, published in Kebede & Tegegne, Cogent Business & Management (2018), 5: 1499183 <a href="https://doi.org/10.1080/23311975.2018.1499183">https://doi.org/10.1080/23311975.2018.1499183</a>	This study examined the effect of CRM on bank performance in the banking industry with a particular focus on some selected commercial banks in Amhara region Ethiopia. The research work concluded that KCF, CRM organization, Knowledge Management and Technology-based CRM predicted the bank performance. This means that these variables were predictors of bank performance. Among the predictors, knowledge management has a great effect on bank performance which increase the chance by 35.76 times.
3.	R. Ramachandran, and Dr. S. Sekar	A Study On Customer Relationship Management (CRM) Effectiveness In Private Banks, Tiruchirappalli, published in International Journal of Management (IJM), ISSN 0976 – 6502(Print), ISSN 0976 - 6510	The study findings have significant implications for bank managers. The identified key dimensions of CRM should be implemented to enhance the business performance. The five dimensions namely, organizational commitment, customer experience, process-driven approach, reliability and technology orientation which measured the effectiveness of CRM efforts in banks.

Table 1: Contd.,			
4.	William George A J, Dr. Manoj P K	Customer Relationship Management in Banks: A Comparative Study of Public and Private Sector Banks in Kerala Customer Relationship Management in Banks: A Comparative Study of Public and Private Sector Banks in Kerala, published in	It can be concluded that private sector banks provide better services to their customers than the PSBs. As customers ensure bread and butter for banks by way of income generation, without them there is no business. Hence, apart from focusing on developing product strategies alone, banks need to accord equal or higher priority to customer service particularly by way of installing an effective CRM system. It can be concluded that private sector banks provide better services to their customers than the PSBs. As customers ensure bread and butter for banks by way of income generation, without them there is no business. Hence, apart from focusing on developing product strategies alone, banks need to accord equal or higher priority to customer service particularly by way of installing an effective CRM system.

## MAJOR AIM OF THE STUDY

The aim of this study is to scrutinize the effects of CRM practices on the customer engagement with private banks in Nagpur region.

## HYPOTHESIS

H01: There is no effect of CRM Practices on the customer engagement for Banks.

## Data Sources

Primary data source: 1-5 likert scale questionnaires

Secondary data source: books, journals, magazines and internet

## SAMPLING TECHNIQUE

Judgemental Sampling- It is a type of random sample that is selected based on the opinion of an expert. Results obtained from a judgment sample are subject to some degree of bias, due to the frame and population not being identical.

## Sample Design

Universe size: customers having their account in ICICI bank in Nagpur

## Sample Size

There are 31 branches of ICICI bank in Nagpur city<sup>1</sup>

Out of which following branches were selected for survey of the customers.

<sup>1</sup>Source:<https://www.askbankifscode.com/ICICI-BANK/MAHARASHTRA/NAGPUR>  
[www.tjprc.org](http://www.tjprc.org)

- Abhiyankarnagar
- Pratapnagar
- Civil lines
- Ramdaspath

## DATA COLLECTED

The primary data was collected as follows.

**Table 2**

S. No.	Name of the branch	Number of targeted respondents
(I)	<b>ICICI Bank</b>	
	Abhiyankarnagar	25
	Pratapnagar	25
	Civil lines	25
	Ramdaspath	25
	<b>Total</b>	<b>100</b>

## Demographic Profile of Respondents

**Table 3: Demographic Profile of Respondents**

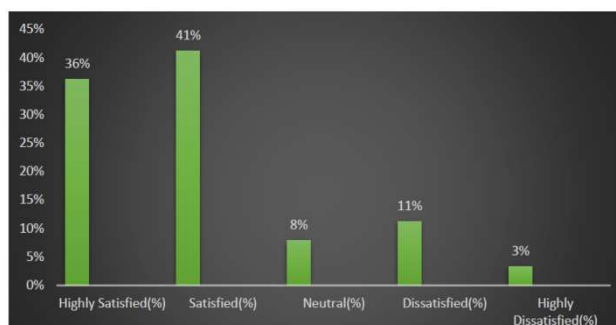
Variables	Category	No. of Respondent	Percentage
Gender	Male	45	75%
	Female	15	25%
Age	Less than 20	3	5%
	21-30	20	33.33%
	31-40	19	31.66%
	41-50	11	18.33%
	51-60	7	11.66%
Occupation	Government employment	11	18.33%
	Private employment	16	26.66%
	Business	29	48.33%
	Others	4	7%
Annual Family Income	Less than 1 lac	4	7%
	1-3 lac	7	11.66%
	3-5 lac	22	36.66%
	More than 5 lac	27	45%

The profile of the sample respondents is shown in table 3 and revealed that 75 percent of them were male, 33.33 percent were between 21-30 years old. 48.33 percent of the respondents were business man, 45 percent had annual family income between More than Rs. 5 lac

## Determinant Parameters of CRM effect on Customer Engagement

In this research there are thirteen parameters selected as determinants of CRM effect on customer engagement in Banks like Physical appearance, Responsiveness, Service Orientation, Convenience, Reliability, Personal Attention, Product, Promotion, Trustworthiness, Price, Satisfaction, Customer Loyalty, CRM Practices.

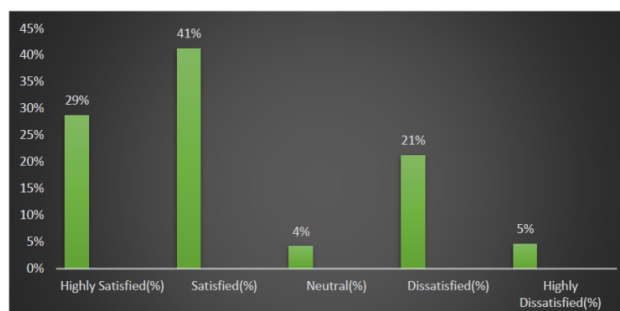
### Physical Appearance



**Figure 1: Physical Appearance Response Bar Chart**

It is found that 41% of respondents are satisfied with the Physical Appearance of the banks like infrastructure, employees' Attires, Clean Premises and Physical facilities etc. From above figure it is also observed that very few percentage i.e. 3% of respondents are highly dissatisfied or with the Physical Appearance parameter of Banks.

### Responsiveness

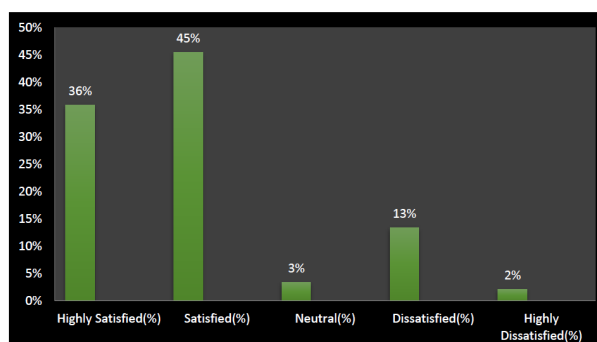


**Figure 2: Responsiveness Bar CHART**

It is found that 41 percentage of respondents are Satisfied with the Responsiveness of the banks.

It is also observed that very few percentage i.e. 5% of respondents are highly dissatisfied with the responsiveness of Banks.

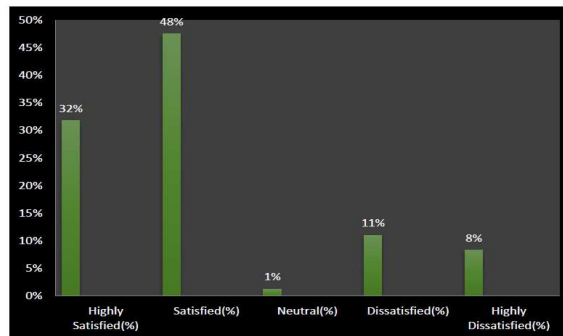
### Service Orientation



**Figure 3: service Orientation bar chart**

It is found that 45 percentage of respondents are Satisfied with the Service orientation of the banks like helpful nature of employees, consistent in services and follow up to customer requests well in time, etc. It is also observed that very few percentage i.e. 2% of respondents are highly dissatisfied with the service orientation parameter of Banks.

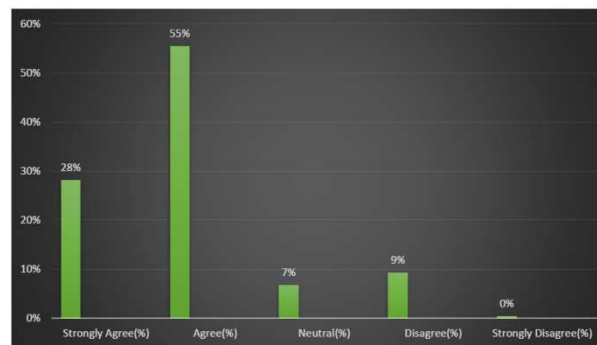
## Convenience



**Figure 4: Convenience Bar Chart**

As from the above figure, it is found that 48 percentage of respondents are satisfied with the Convenience provided by the banks like clear departments, layout of banks, location, availability of ATMs, parking facilities etc. It is also observed that very few percentage i.e. 8% of respondents are highly dissatisfied with the convenience provided by of Banks.

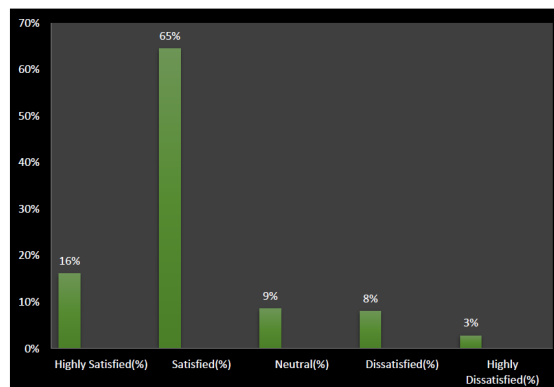
## Reliability



**Figure 5: Reliability Bar Chart**

As from the above figure it is found that 55 percentage of respondents are Satisfied with the Reliability provided by the banks like financial safety, assured services, error-free transaction, etc. It is also observed 0% of respondents are highly dissatisfied with the reliability parameter of Banks.

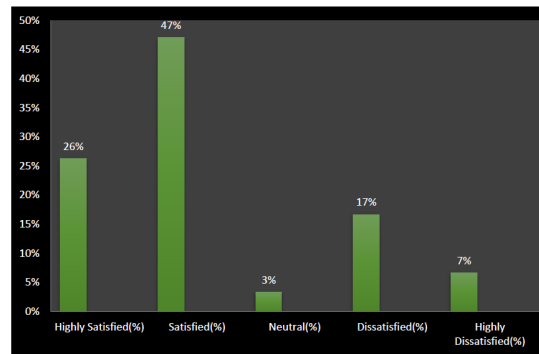
## Personal Attention



**Figure 6: Personal Attention Bar Chart**

As from the above figure, it is found that 65 percentage of respondents are satisfied with the Personal Attention of the banks like individual attention to the customers. It is also observed that very few percentage i.e. 3% of respondents are highly dissatisfied with the service orientation parameter of Banks.

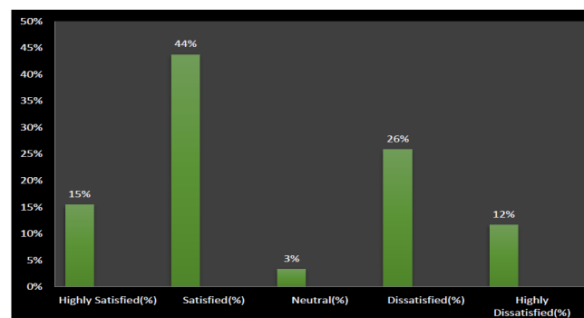
### Product



**Figure 7: Product Parameter Bar Chart**

As from the above figure, it is found that 47 percentage of respondents are satisfied with the Product provided by the banks like variety of services offered by banks, prompt services etc. It is also observed that very few percentage i.e. 7% of respondents are highly dissatisfied with the services offered by the bank.

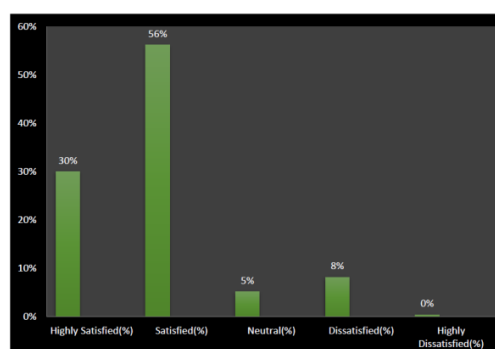
### Promotion



**Figure 8: Promotion Parameter Bar Chart**

As from the above figure, it is found that 44 percentages of respondents are satisfied with the Promotion activities of the banks like promotional offers, latest schemes, etc. It is also observed that very few percentage i.e. 12% of respondents are highly dissatisfied with the services offered by the bank.

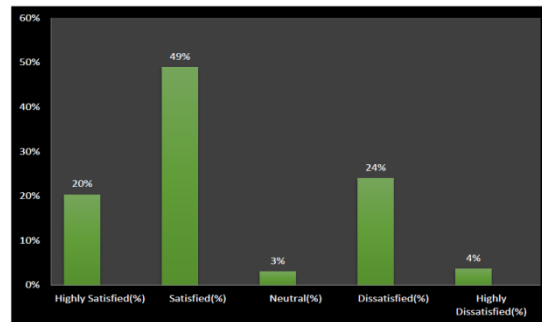
### Trustworthiness



**Figure 9: Trustworthiness Parameter Bar Chart**

As from the above figure, it is found that 56 percentage of respondents are satisfied with the Promotion done by the banks like financial safety, assured services, error-free transaction, etc. It is also observed 0% of respondents are highly dissatisfied with the reliability parameter of Banks.

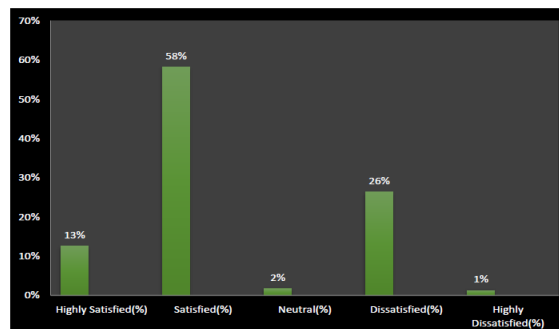
### Price



**Figure 10: Price Parameter Bar Chart**

As from the above figure, it is found that 49 percentage of respondents are satisfied with the Price offered by the banks like attractive return policies for investors, flexible rate of returns etc. It is also observed that very few percentage i.e. 4 percentage of respondents are highly dissatisfied with the service orientation parameter of Banks.

### Satisfaction

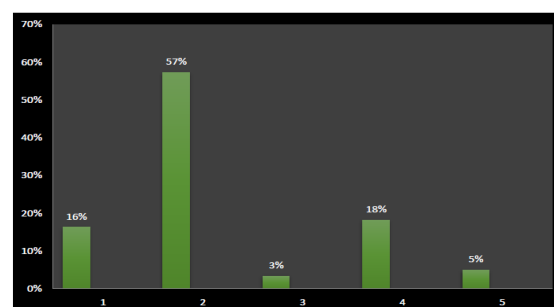


**Figure 11: Satisfaction Parameter Bar Chart**

As from the above figure, it is found that 58 percentage of respondents are Satisfied by the banks.

It is also observed that very few percentage i.e. 1 percentage of respondents are highly dissatisfied with the service orientation parameter of Banks.

### Customer Loyalty

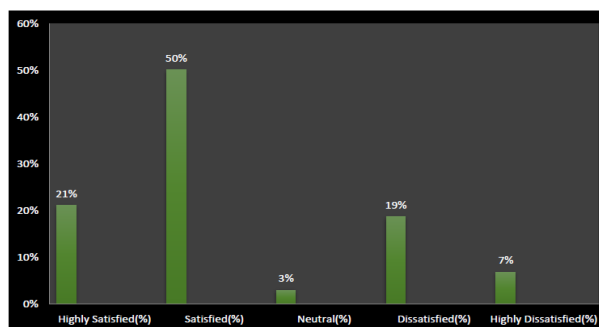


**Figure 12: Customer Loyalty Parameter Bar Chart**



As from the above figure, it is found that 57 percentage of respondents are loyal towards their respective banks. They are intended to continue using services from the bank for a long time, they are willing to say positive things about their respective bank to other people. It is also observed that very few percentage i.e. 5 percentage of respondents are not loyal with their bank with the service orientation parameter of Banks.

### CRM Practices



**Figure 13: CRM Practices Parameter Bar**

As from the above figure, it is found that 50 percentage of respondents are Satisfied with the CRM practices. They feel Bank's CRM strategies are mainly concerned with the consumers interests.

It is also observed that very few percentage i.e. 5 percentage of respondents are highly dissatisfied with Bank's CRM Practices.

### Hypothesis Testing

**Null Hypothesis:** There is no effect of CRM Practices on the customer engagement fogbanks.

**Independent Variable:** CRM Practices

**Dependent Variable:** Customer engagement

In order to test the hypothesis we have used "ANOVA" technique of data analysis.

### ANOVA

#### Single Factor

**Table 4**

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.897473	4	0.474368	134.1642	3.31E-29	2.525215
Within Groups	0.212144	60	0.003536			
Total	2.109617	64				

### INTERPRETATION

If the value of F is greater than F critical, we can reject NULL hypothesis. Here F= 134.16 and F critical = 2.52 i.e.  $F > F_{crit}$  so reject Null hypothesis.

So, we can reject the null hypothesis and accept the alternate Hypothesis: There is a significant effect of CRM on the customer engagement for Banks.

## CONCLUSIONS

This study tries to focus the impact of varied magnitudes of customer relationship management to customer engagement. From the analysis and observations of primary data collected it was observed that from the total number of respondents, male respondents are more than female who responded to the designed questionnaire. More respondents were between 21-30 years old who are businessmen and had annual family income between More than Rs. 5 lac.

Also in this study it is analyzed that the majority of respondents are highly satisfied with the Customer Relationship Management(CRM) practices adopted by the private banks such as Physical appearance, Responsiveness, Service Orientation, Convenience, Reliability, Personal Attention, Product, Promotion, Trustworthiness, Price, Satisfaction, Customer Loyalty and CRM Practices, etc. but very few number of respondents are dissatisfied and highly dissatisfied with the CRM practices in private sector banks in Nagpur region.

## REFERENCES

1. Kotler, Philip(2014). *Principles of marketing / Philip Kotler, Gary Armstrong. -- 14thed*
2. Mohammad Fayez Qasem1, Mohammed Abdallah Abukhadijeh2, Mohammad "Abd Alaffo" Al Adham 3(2016) 'Customer Relationship Management and Customer Retention in Jordanian Bank',. *International Business Research*; Vol.9, No.9; 2016ISSN1913-9004E-ISSN1913- 9012.
3. Nayab Bashir, (2017), 'Impact Of Customer Relationship Management On Customer Retention' ISSN 2277-8616
4. Nischal CK, (2015), 'Customer Relationship Management and Customer Retention in the Amica Restaurant at Valmet Oy Ltd.' *Bachelor's Thesis*.
5. Hadi HajiYana, Ali Akbar Aminbeidokhtib and Hadi Hemmatiana, *Management Science Letters* 5 (2015)993–998
6. Alsamydai, M. J., Yassen, S. G., & ALnaimi, H. M. (2014). *the factors influencing customer usage of mobile banking services in Jordan. International Journal Of Business Management and Research*, 4(2), 63-78.
7. Oliver, R.L. (1999), "Whence Customer Loyalty?" *Journal of Marketing*, Vol.63, PP34-44.
8. Oliver, R (1980), "A cognitive model of the antecedents and consequences of satisfaction decisions", *Journal of marketing Research*, Vol.17, No.4, PP.460-9.